

# OFFICE OF AUDITS & ADVISORY SERVICES



## WOMEN'S DETENTION FACILITY AB900

### *FINAL REPORT*

Chief of Audits: [Juan R. Perez](#)  
Senior Audit Manager: [Lynne Prizzia, CISA, CRISC](#)  
Senior Auditor: [Franco D. Lopez, CPA, CIA, CISA](#)  
Auditor II: [Brian T. Nesvig](#)

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# County of San Diego

**TRACY M. SANDOVAL**  
DEPUTY CHIEF ADMINISTRATIVE OFFICER/  
AUDITOR AND CONTROLLER

AUDITOR AND CONTROLLER  
OFFICE OF AUDITS & ADVISORY SERVICES  
5530 OVERLAND AVENUE, SUITE 330, SAN DIEGO, CA 92123-1261  
Phone: (858) 495-5991

**JUAN R. PEREZ**  
CHIEF OF AUDITS

June 30, 2014

TO: April Heinze, P.E., Director  
Department of General Services

FROM: Juan R. Perez  
Chief of Audits

FINAL REPORT: WOMEN'S DETENTION FACILITY AB 900

Enclosed is our report on the Women's Detention Facility AB 900. As there are no findings and recommendations in the report, no audit response is required.

Thank you for the courteousness and cooperation extended to the Office of Audits & Advisory Services during the course of the audit.

If you have any questions, please contact me at (858) 495-5661.

JUAN R. PEREZ  
Chief of Audits

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Enclosure

c: David Estrella, Deputy Chief Administrative Officer, Community Services Group  
Tracy M. Sandoval, Deputy Chief Administrative Officer/Auditor and Controller  
Kaye Hobson, Group Finance Director, Community Services Group  
Thomas Fincher, Chief, Department of General Services

## INTRODUCTION

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**Audit Objective** The Office of Audits & Advisory Services (OAAS) completed an audit of the Women's Detention Facility AB 900. The objective of the audit was to evaluate whether requests to the State for reimbursement meet AB 900 requirements.

**Background** On January 29, 2014, the State of California's Board of State and Community Corrections (BSCC) and the County of San Diego (County) entered into the BSCC Jail Construction Agreement (Agreement) which provides for sharing of costs associated with the construction of a new women's detention facility.<sup>1</sup> The Agreement outlines that costs for construction will be shared by the State and County, with the State providing up to \$100,000,000 of financing and the County providing for all remaining project costs (\$130,574,966). Roles, responsibilities and performance expectations for the project and the procedures for reimbursement by the State are also outlined in the Agreement, as provided for by the California Assembly Bill (AB) 900 Jail Financing Program.

The construction project consists of the design and construction of a new women's detention facility to replace the existing Las Colinas Detention Facility in Santee, CA. This new facility will be located on a 45 acre site with approximately 476,000 square feet of building space that will provide housing, inmate services, and support for the San Diego County female inmate population. The facility will be constructed in two phases:

- Phase I will result in the construction of approximately 350,000 square feet of building space, including 832 beds, 32 mental health beds, and 22 medical patient beds in 16 housing units. Only Phase I will be funded through the AB 900 Jail Financing Program.
- Phase II will result in the construction of approximately 126,000 square feet of building space, including 384 additional beds in eight housing units. Phase II will be funded solely with County funds.

As of January 31, 2014, as outlined in the table below, the State has provided \$85,555,199 out of \$100,000,000 of maximum State financing available. The County has spent cash match funds of \$16,975,093 and in-kind match funds of \$9,800,000.<sup>2</sup> The County expects to claim the remaining balance of State financing available of \$14,444,801 by approximately August 2014.

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<sup>1</sup> The Agreement is intended to be read in conjunction with the other agreements necessary for the construction and financing of the project under the AB 900 Jail Financing Program including, the Project Delivery and Construction Agreement and all other agreements described therein.

<sup>2</sup> Cash Match funds are hard costs for direct expenditures of the construction project; e.g., construction labor, materials, and electrical systems. In-Kind Match funds are soft costs for indirect expenditures that are not directly related to physical construction but that are still necessary to complete the project; e.g., site acquisition costs.

**Table: Billing Status as of January 31, 2014**

<b>Category</b>	<b>State Funds</b>	<b>Cash Match</b>	<b>In-Kind Match</b>	<b>Total</b>
Budget	100,000,000	120,774,966	9,800,000	230,574,966
Expenditures	85,555,199	16,975,093	9,800,000	112,330,292
Budget Spent %	86%	14%	100%	49%
<b>Balance</b>	<b>14,444,801</b>	<b>103,799,873</b>	<b>-</b>	<b>118,244,674</b>

### **Audit Scope & Limitations**

The scope of the audit consisted of a review of all State financing and all County contributions made under the BSCC to determine if the Women's Detention Center Projects' expenditures were:

- Made in accordance with the Agreement and Project Delivery and Construction Agreement (PDCA) requirements.
- Within approved scope and budgeted costs.
- In compliance with applicable laws, regulations and established criteria.

This audit was conducted in conformance with the International Standards for the Professional Practice of Internal Auditing prescribed by the Institute of Internal Auditors as required by California Government Code, Section 1236.

### **Methodology**

OAAS performed the audit using the following methods:

- Gained an understanding of the County's system of internal controls as it relates to the Agreement and PDCA.
- Performed a risk assessment to determine testing that will be performed.
- Identified whether there were any program-related claims by or against the County.
- Verified that the County maintains a project file as required by the Agreement and PDCA.
- Verified that the County has the Agreement and all related contracts for services under the project.
- Verified the effectiveness of the Quality Assurance and Quality Control processes.
- Verified that Contractors obtained and maintained all necessary insurance in accordance with PDCA requirements.
- Verified that Contractors have obtained and maintained all necessary bonding in accordance with PDCA requirements.
- Verified that sampled Contractors' written agreements were awarded in accordance with PDCA competitive bid requirements.

- Verified that State financing and the County's contribution were expended in accordance with applicable laws, regulations, the BSCC Agreement, and PDCA requirements.
- Verified invoices from the County to BSCC for payments under the project were appropriately processed. This included invoices from Contractors to the County for construction, architecture, engineering and other eligible costs. Testing was representative of all cost categories in the Agreement and determined whether charges:
  - Conformed to any limitations or exclusions in the award of State financing.
  - Included only eligible costs and did not include ineligible costs or other costs properly chargeable to other programs or accounts.
  - Were properly recorded (i.e., correct amount, date) and supported by source documentation. Reported expenditures were incurred within the appropriate period.

## AUDIT RESULTS

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### Summary

Within the scope of the audit, OAAS found that requests to the State for reimbursement were in accordance with AB 900 requirements. Review of all State financing and all County contributions made under the BSCC determined that Women's Detention Center Project expenditures were made in accordance with the Agreement and PDCA requirements, within approved scope and budgeted costs, and in compliance with applicable laws, regulations and established criteria.

## Office of Audits & Advisory Services

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